

Message Text

LIMITED OFFICIAL USE

PAGE 01 ALGIER 03216 311527Z

60

ACTION NEA-10

INFO OCT-01 EUR-12 ISO-00 AID-05 CIAE-00 COME-00 EB-07

FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03

SP-02 CIEP-01 LAB-04 SIL-01 OMB-01 FEA-01 INT-05

CEA-01 ERDA-05 FPC-01 PM-04 NSC-05 SS-15 PA-01 PRS-01

L-03 H-02 /109 W

----- 081672

R 311400Z OCT 75

FM AMEMBASSY ALGIERS

TO SECSTATE WASHDC 3259

INFO AMEMBASSY BONN

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

AMEMBASSY LONDON

AMEMBASSY TEHRAN

USMISSION EC BRUSSELS

USMISSION OECD PARIS

LIMITED OFFICIAL USE ALGIERS 3216

E.O. 11652: N/A

TAGS: EFIN, AG

SUBJ: ARAB MONETARY UNIT

1. SUMMARY: OPINION COLUMN OF OFFICIAL DAILY EL MOUDJAHID RECENTLY FLOATED IDEA OF ARAB MONETARY UNIT. WHILE IDEA APPARENTLY NOT NEW, MORE MAY BE HEARD OF IT IN FUTURE. END SUMMARY.

2. POSSIBILITY OF AN ARAB MONETARY UNIT WAS RAISED IN RECENT "OPINION" COLUMN IN OFFICIAL DAILY EL MOUDJAHID. ARTICLE WRITTEN BY ABDELMALEK TEMMAN, PRESIDENT OF NATIONAL BANK OF ALGERIA (BNA) AND KEY ALGERIAN ECONOMIC DISCUSSION MAKER.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 ALGIER 03216 311527Z

3. TEMMAN IN COLUMN NOTES THAT SONATRACH HAS HAD POLICY OF PRICE ADJUSTMENTS SINCE 1973 TO PROTECT THE REAL VALUE OF OIL. NOW, HOWEVER, TIME HAS COME TO GO FURTHER IN ORDER TO RESTORE THE VALUE OF CERTAIN MINERAL RESOURCES (READ OIL) AND TO AVOID THE SITUATION WHERE THESE GAINS ARE ERODED BY CURRENCY FLUCTUATIONS.

5. TEMMAN THEN PROPOSES THE AVERAGE VALUE OF A BARREL OF ARAB OIL AS THE BASIS FOR AN ARAB MONETARY UNIT TO BE CALLED ARAB UNIT OF ACCOUNT (UCA). INDIVIDUAL ARAB CRUDES COULD THEN BE PRICED IN RELATION TO THIS AVERAGE. THE GOAL WOULD BE TO AVOID THE SITUATION WHERE OIL EXPRESSED IN ONE CURRENCY OR ANOTHER PRODUCES A REVENUE WHICH FLUCTUATES AT WHIM OF EXCHANGE MARKET.

5. THE VALUE OF THE UCA WOULD BE REPRESENTED BY THE COMBINED PARITY VALUES OF THE PRINCIPAL CURRENCIES. APPRECIATION OF DOLLAR RELATIVE TO THE FRENCH FRANC WOULD MEAN, FOR EXAMPLE, TEMMAN SAYS THAT IT WOULD TAKE MORE FRENCH FRANCS TO PURCHASE ARAB MONETARY UNIT.

6. TWO IDEAS SEEM ESSENTIAL, TEMMAN SAYS: 1) THAT OIL REFLECT LAW OF SUPPLY AND DEMAND AND 2) THAT RELATIONSHIP BETWEEN PRICE OF ANY TWO CRUDES EXPRESSED IN UCAS WILL REMAIN SAME. EVENTUALLY UCAS COULD SERVE AS A RESERVE CURRENCY AND COULD BE USED FOR TRADE AMONG ARAB STATES WHEN THIS TRADE GROWN TO SUFFICIENT PROPORTIONS. IN MEANTIME, CAPITAL OF ARAB FINANCIAL INSTITUTIONS COULD BE EXPRESSED IN UCAS.

7. EMBASSY'S INTERPRETATION OF "TEMMAN'S SCHEME" IS THAT IT CONTAINS TWO BASIC ELEMENTS: 1) APPRECIATION OF ANY KEY INTERNATIONAL CURRENCIES RELATIVE TO OTHERS WOULD MEAN THAT NUMBER OF UNITS OF DEPRECIATED CURRENCY PER UCA WOULD RISE, 2) UCA ITSELF COULD APPRECIATE RELATIVE TO ALL OTHER KEY CURRENCIES IF LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 ALGIER 03216 311527Z

DEMAND FOR OIL INCREASED.

8. COMMENT: ACCORDING FRENCH FINANCIAL ATTACHE, CONCEPT OF AN ARAB MONETARY UNIT IS NOT NEW ONE. IN FACT, SOURCE SAYS, TEMMAN HIMSELF DOES NOT BELIEVE IN THE CONCEPT, DESPITE FACT ARTICLE APPEARED UNDER HIS SIGNATURE. NEVERTHELESS, CONCEPT APPEARS TO BE A PERSISTENT ONE WHICH MAY WELL

SURFACE IN FUTURE INTERNATIONAL MONETARY DISCUSSIONS
INVOLVING ALGERIA.
PARKER

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptoning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: NEWS MEDIA COMMENTS, CURRENCY CONTROLS, FOREIGN EXCHANGE
Control Number: n/a
Copy: SINGLE
Draft Date: 31 OCT 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975ALGIER03216
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750379-0228
From: ALGIERS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t1975103/aaaaacgq.tel
Line Count: 118
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION NEA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: GolinoFR
Review Comment: n/a
Review Content Flags:
Review Date: 28 APR 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <28 APR 2003 by BoyleJA>; APPROVED <29 APR 2003 by GolinoFR>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: ARAB MONETARY UNIT
TAGS: EFIN, AG, (TEMMAN, ABDELMALEK)
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006